

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

In re

BLAKE OF CHICAGO CORP., *et al.*,  
Debtors.

A.B. DICK COMPANY and  
PARAGON CORPORATE HOLDINGS,  
INC.,

Plaintiffs,

v.

MHR CAPITAL PARTNERS LP,  
MHR INSTITUTIONAL PARTNERS LP,  
MHRM LP and MHR FUND  
MANAGEMENT LLC,

Defendants.

MHR CAPITAL PARTNERS LP, MHR  
INSTITUTIONAL PARTNERS LP, and  
MHRM LP,

Third-Party Plaintiffs,

v.

N.E.S. INVESTMENT COMPANY;  
ROBERT J. TOMSICH; JOHN H.  
FOUNTAIN; A. KEITH DREWETT; JOHN  
R. TOMSICH; FRANK D. ZAFFINO;  
GREGORY T. KNIPP; JAMES W. WERT;  
JOHN KAHL, JR.; DONALD HASTINGS;  
BROWN GIBBONS, LAND & COMPANY,  
L.P.; and SQUIRE, SANDERS & DEMPSEY  
L.L.P.,

Third-Party Defendants.

Chapter 11

Bankr. Case No. 04-12002 (JLP)  
Bankr. Adv. No. 05-54141  
Jointly Administered

Civ. Action No. 05-00116-KAJ

Civil Action No. 05-00115-KAJ

**STIPULATION AND ORDER STAYING MHR CAPITAL PARTNERS LP, MHR INSTITUTIONAL PARTNERS LP, AND MHRM LP'S (THE "THIRD-PARTY PLAINTIFFS") THIRD-PARTY ACTION AND EXTENDING THE TIME WITHIN WHICH THE THIRD-PARTY PLAINTIFFS MUST RESPOND TO CERTAIN MOTIONS FILED BY THE THIRD-PARTY DEFENDANTS OR, IN THE ALTERNATIVE, DISMISSING THE THIRD-PARTY ACTION**

The parties hereto hereby stipulate and agree that the third-party action commenced by MHR Capital Partners LP, MHR Institutional Partners LP, and MHRM LP against N.E.S. Investment Company, Robert J. Tomsich, John H. Fountain, A. Keith Drewett, John R. Tomsich, Frank D. Zaffino, Gregory T. Knipp, James W. Wert, John Kahl, Jr., Donald Hastings, Brown Gibbons, Land & Company, L.P., and Squire, Sanders & Dempsey L.L.P. [Bankr. Adv. Docket No. 7] is stayed, including all discovery to be undertaken in support of or in opposition to the claims alleged in that action, pending the entry of a final, non-appealable order with respect to Blake of Chicago Corp. (formerly A.B. Dick Company) and Paragon Corporate Holdings, Inc.'s (collectively, the "Debtors") recharacterization claim against MHR Capital Partners LP, MHR Institutional Partners LP, MHRM LP and MHR Fund Management LLC (the "recharacterization claim") [Bankr. Adv. Docket No. 1].

The parties hereto further stipulate and agree that if the recharacterization claim is decided in the Debtors' favor, MHR Capital Partners LP, MHR Institutional Partners LP, and MHRM LP shall have thirty (30) days from the date of a final, non-appealable order with respect to the Debtors' recharacterization claim to respond to the following motions filed by the third-party defendants:

- N.E.S. Investment Company's Motion to Dismiss [Bankr. Adv. Docket No. 31]
  - Brief In Support of N.E.S. Investment Company's Motion to Dismiss [Bankr. Adv. Docket No. 33]

- Joint Motion of All Third-Party Defendants To Dismiss or, in the Alternative, to Transfer Venue [Bankr. Adv. Docket No. 32]
- Third Party Defendants Robert J. Tomsich, John H. Fountain, John R. Tomsich, Frank D. Zaffino, Gregory T. Knipp, James W. Wert, Donald Hastings, and John Kahl Jr.'s Motion to Dismiss [Bankr. Adv. Docket No. 35]
- Third Party Defendants Squire, Sanders & Dempsey, L.L.P. and Brown, Gibbons, Lang & Company, L.P.'s Motion to Dismiss [Bankr. Adv. Docket No. 36]
  - Third Party Defendants Squire, Sanders & Dempsey, L.L.P. and Brown, Gibbons, Lang & Company, L.P.'s Brief in Support of Their Motion to Dismiss [Bankr. Adv. Docket No. 37]

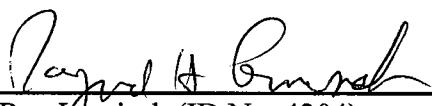
MHR Capital Partners LP, MHR Institutional Partners LP, and MHRM LP further stipulate and agree to voluntarily discontinue the third-party action [Bankr. Adv. Docket No. 7] with prejudice if the recharacterization claim is decided against the Debtors.

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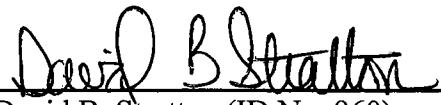
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IT IS SO ORDERED:

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The Honorable Kent A. Jordan  
United States District Judge